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ACADIANA ARTS COUNCIL, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-29-06

ACADIANA ARTS COUNCIL, INC.

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WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants
100 Petroleum Drive, 70508
P.O. Box 80569 • Lafayette, Louisiana 70598-0569
(337) 232-3637 • FAX (337) 235-8557
www.wmddh.com

INDEPENDENT AUDITORS' REPORT

JOHN W. WRIGHT, CPA *
JAMES H. DUPUIS, CPA, CFP *
JOE D. HUTCHINSON, CPA *
JAN H. COWEN, CPA *
LANCE E. CRAPPELL, CPA *
PAT BAHAM DOUGHT, CPA *
MICAH R. VIDRINE, CPA *
TRAVIS M. BRINSKO, CPA *
RICK L. STUTES CPA, CVA, MBA *

* A PROFESSIONAL CORPORATION

M. TROY MOORE, CPA * +
MICHAEL G. DEHART, CPA, CVA, MBA * +
+ RETIRED



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CHRISTINE R. DUNN, CPA
DANE P. FALGOUT, CPA
MARY PATRICIA KEELEY, CPA
KYLE L. ROBICHEAUX, CPA
DAMIAN H. SPIESS, CPA, CFP
ROBIN G. STOCKTON, CPA
BRIDGET B. TILLEY, CPA, MT
PATRICK E. WAGUESPACK, CPA

Board of Directors
Acadiana Arts Council, Inc.
Lafayette, Louisiana

Gentlemen:

We have audited the accompanying Statement of Financial Position of the Acadiana Arts Council, Inc. as of June 30, 2006, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acadiana Arts Council, Inc. as of June 30, 2006, and the changes in net assets and cash flows for the year then ended in conformity with generally accepted accounting principles of the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 28, 2006, on our consideration of Acadiana Arts Council, Inc.'s internal control over financial reporting and on its compliance with laws and regulations.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

September 28, 2006

ACADIANA ARTS COUNCIL, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 307,651
Grants Receivable	36,862
Prepaid Expenses	<u>3,154</u>
Total Current Assets	347,667

PROPERTY AND EQUIPMENT

Art Work	\$ 66,000	
Furniture and Equipment	46,615	
Less: Accumulated Depreciation	<u>(45,746)</u>	
Total Net Property and Equipment		66,869

OTHER ASSETS

Marketable Securities	<u>60,199</u>
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TOTAL ASSETS	<u>\$ 474,735</u>
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The Accompanying Notes are an Integral Part of These Statements.

ACADIANA ARTS COUNCIL, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 101,583	
Accrued Payroll Liabilities	<u>1,188</u>	
Total Current Liabilities		\$ 102,771

NET ASSETS

Net Assets - Unrestricted	256,632	
Net Assets - Temporarily Restricted	<u>115,332</u>	
Total Net Assets		<u>371,964</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 474,735</u>
----------------------------------	-------------------

The Accompanying Notes are an Integral Part of These Statements.

ACADIANA ARTS COUNCIL, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT, REVENUES AND RECLASSIFICATIONS			
<u>GRANTS</u>			
State of Louisiana Division of the Arts	\$ 388,201	\$ -	\$ 388,201
Lafayette City-Parish Consolidated Government	58,778	-	58,778
Lafayette Parish School Board	86,547	-	86,547
Tommy Comeaux Memorial Fund	-	48,767	48,767
WIB	13,929	-	13,929
PACE	42,623	-	42,623
Acadiana Center for the Arts	330,029	-	330,029
Grants - Other	143,798	-	143,798
TOTAL GRANTS	<u>1,063,905</u>	<u>48,767</u>	<u>1,112,672</u>
<u>CONTRIBUTIONS AND REVENUE</u>			
General Contributions	69,493	-	69,493
Corporate	2,628	-	2,628
Donated Facilities	162,000	-	162,000
Facility Rentals	8,576	-	8,576
Fundraisers	25,588	-	25,588
Pelicans	8,866	-	8,866
Project Heal	-	281,747	281,747
Special Projects & Miscellaneous	17,603	-	17,603
Interest Income	8,334	-	8,334
Total Contributions and Revenue	<u>303,088</u>	<u>281,747</u>	<u>584,835</u>
Net Assets Released from Restrictions:			
Satisfaction of Purpose Restrictions	<u>241,292</u>	<u>(241,292)</u>	<u>-</u>
TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS	<u>1,608,285</u>	<u>89,222</u>	<u>1,697,507</u>

The Accompanying Notes are an Integral Part of These Statements.

ACADIANA ARTS COUNCIL, INC.

STATEMENT OF ACTIVITIES - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>EXPENSES</u>			
Program Services	\$ 1,466,132	\$ -	\$ 1,466,132
Administrative	<u>142,985</u>	<u>-</u>	<u>142,985</u>
Total Expenses	<u>1,609,117</u>	<u>-</u>	<u>1,609,117</u>
Change in Net Assets	(832)	89,222	88,390
Net Assets as of Beginning of Year	<u>257,464</u>	<u>26,110</u>	<u>283,574</u>
Net Assets as of End of Year	<u>\$ 256,632</u>	<u>\$ 115,332</u>	<u>\$ 371,964</u>

The Accompanying Notes are an Integral Part of These Statements.

ACADIANA ARTS COUNCIL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006**

	PROGRAM SERVICES				SUPPORTING SERVICES
	Acadiana Center for the Arts	Community Arts	Arts In Education	Decentralized Arts Funding	Administrative
Grant Programs	\$ -	\$ 24,069	\$ -	\$ 268,545	\$ -
Arts Grants For					
Teachers	-	-	16,519	-	-
Bright New Worlds	-	-	11,956	-	-
Louisiana Crossroads	-	91,745	-	-	-
Touring Companies	-	-	16,839	-	-
Workshops and Special	-	-	-	-	-
Events	393,333	48,914	24,137	-	-
Salaries, Benefits and					
Payroll Taxes	51,721	29,362	88,490	56,491	87,804
Accounting and Auditing	-	-	-	-	2,994
Contract Labor	30,451	-	-	-	-
Depreciation	107	107	107	107	106
Dues and Subscriptions	18	-	-	-	1,718
Exhibit Expense	1,679	-	-	-	-
Facilities Rent - Donated	32,400	32,400	32,400	32,400	32,400
Insurance	20,706	-	-	-	1,579
Marketing	14,005	-	57	84	6,077
Office Expense	5,189	-	536	-	6,216
Postage	431	-	137	387	455
Printing	250	-	2,603	-	1,220
Repairs and Maintenance	4,843	-	-	-	-
Staff Development	570	-	264	-	-
Supplies	3,430	710	1,158	2,044	710
Telephone	5,063	713	713	713	714
Tommy Comeaux Memorial		49,792	-	-	-
Travel and Meals	277	-	-	1,776	992
Utilities	65,384	-	-	-	-
TOTAL EXPENSES	\$ 629,857	\$ 277,812	\$ 195,916	\$ 362,547	\$ 142,985

The Accompanying Notes are an Integral Part of These Statements.

ACADIANA ARTS COUNCIL, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets		\$ 88,390
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	\$ 534	
Unrealized Loss on Securities	3,330	
Changes in Current Assets and Current Liabilities		
Decrease in Receivables	7,098	
Increase in Accounts Payable	17,730	
Decrease in Accrued Payroll Liabilities	<u>(48)</u>	
Total Adjustments		<u>28,644</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		117,034
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Securities	<u>(2,553)</u>	
NET CASH USED IN INVESTING ACTIVITIES		<u>(2,553)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		114,481
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (AS RESTATED)		<u>193,170</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		<u>\$ 307,651</u>

The Accompanying Notes are an Integral Part of These Statements.

ACADIANA ARTS COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities - The Acadiana Arts Council, Inc. (the Council) serves an eight-parish region of Southwestern Louisiana, known collectively as Acadiana. The Council serves a pivotal role in promoting the arts of the eight-parish service area, enhancing the organizational development of the various cultural organizations, and creating new programs, projects, and opportunities for the arts to develop in southwest Louisiana. Serving as cultural environmentalists, the Council seeks to foster and nurture an atmosphere where the arts and artists can flourish locally.

The Council is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Public Support and Revenue - Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "Net Assets Released from Restrictions." Restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Fair Values of Financial Instruments - The following methods and assumptions were used by the Council in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents: The carrying amounts reported in the Statement of Financial Position approximate fair values because of the short maturities of those instruments.

Short-Term Investments: The fair values of investments are based on quoted market prices for those or similar investments.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and ~~disclosure of contingent~~ assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

ACADIANA ARTS COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents - The Council considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

Marketable Securities - Marketable securities are composed of equity securities and are carried at fair value.

Property and Equipment - Property and equipment are valued at historical cost if purchased. Donated assets are valued at their estimated fair value on the date donated. All acquisitions of property and equipment in excess of \$1,000 are capitalized.

Property and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method, with one-half of a year's depreciation recognized in the years of acquisition and disposal.

(B) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

Tommy Comeaux Memorial Fund	<u>\$27,321</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:

Tommy Comeaux Memorial Fund	<u>\$49,782</u>
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(C) ACCOUNTS RECEIVABLE - GRANTS

As of June 30, 2006, grants receivable was composed of:

Lafayette City-Parish Government	\$11,065
LEH	3,882
LDOA	14,801
DDA	<u>7,114</u>
Total	<u>\$36,862</u>

ACADIANA ARTS COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

(D) DONATED SERVICES AND FACILITIES

The Council receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the Statement of Activities because the criteria for recognition under SFAS No. 116 have not been satisfied. On December 2, 2003 the Council executed a lease with the Lafayette Consolidated Government to begin upon occupation of a newly constructed facility. The lease period is ten years with the right to renew for three consecutive periods of five years each. Under the agreement, the Council will pay rent at the rate of \$100 per year, as well as be responsible for payment of all insurance and maintenance, including roof, heating and cooling and elevator systems. The estimated rental in the amount of \$162,000 has been reflected in the accompanying financial statements as contributions with a like amount shown as facilities rent.

(E) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(F) CONCENTRATIONS

The Council receives a substantial portion of its revenues from City, Parish and State grants. Any substantial change in any of these components could have adverse effects on the Council's financial condition.

(G) PENSION PLAN

On October 1, 1999, the Organization adopted a Simplified Employee Pension Plan. The plan covers all full-time employees who have three years of service and are age 21 or older. Contributions to the plan each year are determined by the Board of Directors. The contribution cannot exceed fifteen percent of the employees' compensation or \$30,000, whichever is less. The contributions to the plan for the year ended June 30, 2006 were \$6,588.

(H) COMPENSATED ABSENCES

The amounts for accrued vacation and sick pay are not reasonably estimable. Therefore, no accrual has been recorded in the financial statements.

ACADIANA ARTS COUNCIL, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

(I) INVESTMENTS

Investments are carried at their fair value. Investments at June 30 are summarized as follows:

		<u>2006</u>	
	<u>Cost</u>	<u>Quoted Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Marketable Equity Securities	\$ 63,529	\$ 60,199	\$3,330

(J) CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at three separate financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution. Balances in excess of insured limits at June 30, 2006 were \$129,972.

(K) CORRECTION OF AN ERROR

In the Statement of Cash Flows, cash and cash equivalents as of the beginning of the year has been restated to reflect the correction of an error in classification between investments and cash in the prior year. The effect of this error was to increase beginning cash on the statement by \$82,742. There was no other effect on the current year financial statements.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Acadiana Arts Council, Inc.
Lafayette, Louisiana

* A PROFESSIONAL CORPORATION

M. TROY MOORE, CPA * +
MICHAEL G. DEHART, CPA, CVA, MBA * +

+ RETIRED



We have audited the financial statements of Acadiana Arts Council, Inc. as of and for the year ended June 30, 2006, and have issued our report thereon dated September 28, 2006. We conducted our audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Acadiana Arts Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Acadiana Arts Council, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended for the information of management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*
WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

September 28, 2006

ACADIANA ARTS COUNCIL, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

We have audited the financial statements of the Acadiana Arts Council, Inc. as of and for the year ended June 30, 2006, and have issued our report thereon dated September 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements of June 30, 2006 resulted in an unqualified opinion.

Section I – Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes x No

Reportable Conditions Yes x No

Compliance

Compliance Material to Financial Statements Yes x No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs.

This section is not applicable for the year ended June 30, 2006.

ACADIANA ARTS COUNCIL, INC.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

PART I: FINANCIAL STATEMENT FINDINGS

There were no prior year findings.